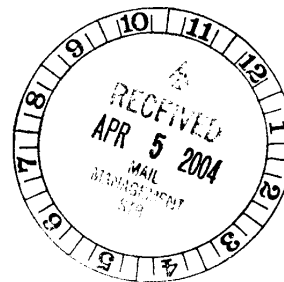


LAW OFFICES
of
DAVID N. CHANDLER, p.c.

1747 Fourth Street
Santa Rosa, California 95404

Telephone
(707) 528-4331

March 29, 2004



RECORDATION NO. 24378-A FILED

APR 05 '04

2-26 PM

SURFACE TRANSPORTATION BOARD

Hon. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW (7th Fl.)
Washington, DC 20423-0001

Attn: Recordation of Railroad Equipment

Dear Secretary Williams:

Enclosed are an original and two counterparts of the document described below, to be recorded pursuant to 49 U.S.C. 11301

The instrument is a Release of Lien, a secondary document, dated March 24, 2004. The primary document to which this is connected is recorded under Recordation No. 24378.

The names and addresses of the parties to the document are as follows:

Lender: City of Fort Bragg
416 N. Franklin St.
Fort Bragg, CA 95437

Grantor: California Western Railroad, Inc.
(a California Corporation)
P.O. Box 907
Fort Bragg, CA 95437

The equipment covered by the document are the locomotives, cars and other rolling stock and accessories listed in Exhibit A attached to the Release of Lien or thereafter acquired by the Grantor.

A check for \$30.00 in payment of the filing fee is attached.

Please return the original and any extra copies not needed by

Hon. Vernon A. Williams
March 29, 2004
Page Two

the Board for recordation to the undersigned in the enclosed self-addressed, stamped envelope.

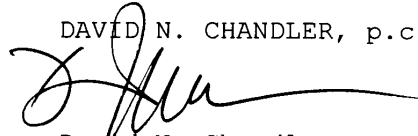
A short summary of the document to appear in the index follows:

Release by City of Fort Bragg of its rights, title
and interests in the equipment of California
Western Railroad, Inc. (A California corporation).

If you have any questions concerning the foregoing which you believe I may be able to answer or if I otherwise can be of assistance, please let me know.

Very truly yours,

DAVID N. CHANDLER, p.c.



David N. Chandler

DNC/ml1

enclosure

RECORDATION NO. 24378-A FILED

APR 05 '04

2-26 PM

RELEASE OF LIEN

SURFACE TRANSPORTATION BOARD

The City of Fort Bragg, CA, the mailing address of which is 416 N. Franklin Street, Fort Bragg, CA 95437, hereby releases all of its rights, title and interests in and to the locomotives, cars and other rolling stock and accessories listed on the attached Exhibit A and thereafter acquired by the Grantor, which were the subject of a Commercial Security Agreement, a primary document, dated March 26, 2003, duly recorded with the Surface Transportation Board under Recordation No. 24378 on March 28, 2003.

Dated at Fort Bragg, CA, this 24th day of March, 2004.

CITY OF FORT BRAGG

By: [Signature]

Name: R M CHRISTOFFERSON

Title: INTERIM CITY MANAGER

ACKNOWLEDGMENT

I R M CHRISTOFFERSON certify that I am the person described in and who executed the foregoing Release of Lien and that I acknowledge that I executed the same as my free act and deed. I further declare under penalty of perjury that the foregoing is true and correct.

Dated at Fort Bragg, CA, this 24th day of March, 2004.

State of California

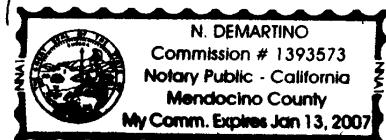
ss:

Mendocino County

On this 24th day of March, 2004, before me personally appeared R M Christofferson to me known to be the person described in and who executed the foregoing Release of Lien, and he acknowledged that he executed the same as his free act and deed.

[Signature]
Notary Public

My commission expires: 1-13-07



California Western Railroad, Inc.
List & Estimated Value of Rolling Stock
March 2003

Year	Description	Assigned Railroad #	Estimated Value	VIN # (if applicable)
1955	EMD Diesel Locomotive 1750 Horsepower	Engine #64	\$65,000	
1955	EMD Diesel Locomotive 1750 Horsepower	Engine #65	\$65,000	
1955	EMD Diesel Locomotive 1750 Horsepower	Engine #66	\$65,000	
1924	Steam Engine & Tender	Engine #45	\$200,000	
1925	Passenger Motor Car	Motor #100	\$40,000	
1935	Passenger Motor Car	Motor #300	\$40,000	
	Passenger Coach	#655	\$20,000	
	Passenger Coach	#656	\$20,000	
	Passenger Coach	#659	\$20,000	
	Passenger Coach	#696	\$20,000	
	Passenger Coach	#697	\$20,000	
	Passenger Coach	#698	\$20,000	
	Passenger Coach	#699	\$20,000	
	Passenger Observation Coach	#657	\$10,000	
	Passenger Observation Coach	#658	\$10,000	
	Passenger Coach (Napa)	#691	\$12,500	
	Passenger Coach (Napa)	#692	\$12,500	
	Passenger Coach (Napa)	#693	\$12,500	
	Passenger & Concession Coach (Napa)	#695	\$12,500	
	Passenger Coach (Not Refurbished)	#777	\$38,000	
	Passenger Coach (Not Refurbished)	#787	\$38,000	
	Caboose	#11	\$8,000	
	Tank Car for Fuel Storage		\$6,000	
1955	Burro Crane	#09	\$7,000	
	Bentpikie Tie Crane / Brush Cutter		\$20,000	8010
1975	Kershaw Ballast Regulator		\$30,000	
	Ford Railvan	#36	\$16,000	1FBHE21HXFC25383
	Chevy Suburban Hi-railer	#35	\$3,000	CEL26AF131741
	Fairmont Maintenance Speeder A-4	#02	\$4,000	
	Northwestern Maintenance Speeder	#03	\$4,000	
	Fairmont Maintenance Speeder A-4	#05	\$3,000	
	Fairmont Maintenance Speeder A-4	#07	\$4,000	
1970	Fairmont Track Liner		\$6,000	
1999	RCC Tie Inserter		\$30,000	

Total Estimated Value of Rolling Stock

\$902,000

3/17/2003

EXHIBIT " A "

LAW OFFICES
of
DAVID N. CHANDLER, p.c.

1747 Fourth Street
Santa Rosa, California 95404

Telephone
(707) 528-4331

March 18, 2004

Michael Gogna
Meyers/Nave
401 Mendocino Ave., #100
Santa Rosa, CA 95401

Re: California Western Railroad, Inc.
Bk. No. 02-12924

Dear Mike:

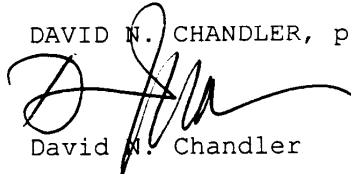
I believe that we are very close to closing with Sierra Railroad, Inc. The Trustee will be required to deliver the railroad rolling stock free and clear of liens. It is my understanding that the City has now been paid in full.

Kindly provide me with the executed Release of Lien enclosed herewith. I will then submit same to the Surface Transportation Board.

Your cooperation in this regard will be appreciated.

Very truly yours,

DAVID N. CHANDLER, p.c.



David N. Chandler

DNC/jfk

enclosure

cc: Michael H. Meyer

MAR 26 2004